

House File 2262

HOUSE FILE _____
BY COMMITTEE ON
STATE GOVERNMENT

(SUCCESSOR TO HSB 574)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to public retirement systems and other employee
2 benefit related matters, including the public safety peace
3 officers' retirement, accident, and disability system, the
4 Iowa public employees' retirement system, the statewide fire
5 and police retirement system, and the judicial retirement
6 system, and providing effective and retroactive applicability
7 dates.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 HF 2262
10 ec/es/25

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1 1 DIVISION I
1 2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
1 3 DISABILITY SYSTEM
1 4 Section 1. Section 97A.17, subsection 1, Code 2003, is
1 5 amended by adding the following new paragraph:
1 6 NEW PARAGRAPH. e. "Refund liability" means the amount the
1 7 member may elect to withdraw from the former system under
1 8 section 411.23.
1 9 Sec. 2. Section 97A.17, subsection 2, Code 2003, is
1 10 amended to read as follows:
1 11 2. Commencing July 1, 1996, a vested member of an eligible
1 12 retirement system who terminates employment covered by one
1 13 eligible retirement system and, within one year, commences
1 14 employment covered by the other eligible retirement system may
1 15 elect to transfer the greater of the average accrued benefit
1 16 or the refund liability earned from the former system to the
1 17 current system. The member shall file an application with the
1 18 current system for transfer of the greater of the average
1 19 accrued benefit or the refund liability within ninety days of
1 20 the commencement of employment with the current system.
1 21 Sec. 3. Section 97A.17, subsection 4, Code 2003, is
1 22 amended to read as follows:
1 23 4. Upon receipt of an application for transfer ~~of the~~
~~1 24 average accrued benefit as provided in this section, the~~
1 25 current system shall calculate the average accrued benefit and
1 26 the refund liability and the former system shall transfer to
1 27 the current system assets in an amount equal to the greater of
1 28 the average accrued benefit or the refund liability. Once the
1 29 transfer of the ~~average accrued benefit~~ is completed, the
1 30 member's service under the former system shall be treated as
1 31 membership service under the current system for purposes of
1 32 this chapter and chapter 411.
1 33 DIVISION II
1 34 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
1 35 Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,
2 1 and c, Code Supplement 2003, are amended to read as follows:
2 2 a. Has attained the minimum age for receipt of a
2 3 retirement allowance under this chapter.
2 4 b. If the member has not attained seventy years of age,
2 5 has terminated all employment covered under the chapter or
2 6 formerly covered under the chapter pursuant to section 97B.42
2 7 in the month prior to the member's first month of entitlement.
2 8 c. Has filed a completed application for benefits with the
2 9 system setting forth the member's intended first month of
2 10 entitlement.
2 11 Sec. 5. Section 97B.1A, subsection 20, Code Supplement
2 12 2003, is amended by adding the following new paragraph:
2 13 NEW PARAGRAPH. e. Employment with an employer prior to
2 14 January 1, 1946, if the member is not receiving a retirement
2 15 allowance based upon that employment.
2 16 Sec. 6. Section 97B.1A, subsection 20, Code Supplement

2 17 2003, is amended by adding the following new unnumbered
2 18 paragraph after paragraph d:
2 19 NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,
2 20 "service" does not mean service for which an employee receives
2 21 remuneration from an employer for temporary employment during
2 22 any quarter in which the employee is on an otherwise unpaid
2 23 leave of absence that is not authorized under the federal
2 24 Family and Medical Leave Act of 1993 or other similar leave.
2 25 Remuneration paid by the employer for the temporary employment
2 26 shall not be treated by the system as covered wages.
2 27 Sec. 7. Section 97B.1A, subsection 22, Code Supplement
2 28 2003, is amended to read as follows:
2 29 22. "Special service" means service for an employer while
2 30 employed in a protection occupation as provided in section
2 31 97B.49B, and as a county sheriff, ~~or~~ deputy sheriff, ~~or~~
2 32 ~~airport fire fighter~~ as provided in section 97B.49C.
2 33 Sec. 8. Section 97B.1A, subsection 24, paragraphs a and c,
2 34 Code Supplement 2003, are amended to read as follows:
2 35 a. "Three-year average covered wage" means, for a member
3 1 who retires prior to July 1, ~~2005~~ 2008, a member's covered
3 2 wages averaged for the highest three years of the member's
3 3 service, except as otherwise provided in this subsection. The
3 4 highest three years of a member's covered wages shall be
3 5 determined using calendar years. However, if a member's final
3 6 quarter of a year of employment does not occur at the end of a
3 7 calendar year, the system may determine the wages for the
3 8 third year by computing the average quarter of all quarters
3 9 from the member's highest calendar year of covered wages not
3 10 being used in the selection of the two highest years and using
3 11 the computed average quarter for each quarter in the third
3 12 year in which no wages have been reported in combination with
3 13 the final quarter or quarters of the member's service to
3 14 create a full year. However, the system shall not use the
3 15 member's final quarter of wages if using that quarter would
3 16 reduce the member's three-year average covered wage. If the
3 17 three-year average covered wage of a member exceeds the
3 18 highest maximum covered wages in effect for a calendar year
3 19 during the member's period of service, the three-year average
3 20 covered wage of the member shall be reduced to the highest
3 21 maximum covered wages in effect during the member's period of
3 22 service. Notwithstanding any other provision of this
3 23 paragraph to the contrary, a member's wages for the third year
3 24 as computed by this paragraph shall not exceed, by more than
3 25 three percent, the member's highest actual calendar year of
3 26 covered wages for a member whose first month of entitlement is
3 27 January 1999 or later.
3 28 c. "Three-year average covered wage" means, for a member
3 29 who retires on or after July 1, ~~2005~~ 2008, the greater of the
3 30 member's covered wages averaged for a member's highest twelve
3 31 consecutive quarters of service or the member's covered wages
3 32 averaged for a member's highest three calendar years of
3 33 service. The system shall adopt rules to implement this
3 34 paragraph in accordance with the requirements of this chapter
3 35 and the federal Internal Revenue Code.
4 1 Sec. 9. Section 97B.1A, subsection 25, paragraph a,
4 2 subparagraph (4), Code Supplement 2003, is amended to read as
4 3 follows:
4 4 (4) Has attained the age of fifty-five. However, an
4 5 inactive member who has not attained sufficient years of
4 6 service eligibility to become vested and who has not attained
4 7 the age of fifty-five as of July 1, 2005, shall not become
4 8 vested upon the attainment of the age of fifty-five while an
4 9 inactive member.
4 10 Sec. 10. Section 97B.1A, subsection 26, paragraph a,
4 11 subparagraph (2), subparagraph subdivision (j), Code
4 12 Supplement 2003, is amended to read as follows:
4 13 (j) Payments of damages, attorney fees, interest, and
4 14 penalties made to satisfy a grievance, ~~or~~ wage claim, ~~or~~
4 15 employment dispute.
4 16 Sec. 11. Section 97B.1A, subsection 26, paragraph a,
4 17 subparagraph (2), subparagraph subdivision (n), Code
4 18 Supplement 2003, is amended by striking the subparagraph
4 19 subdivision.
4 20 Sec. 12. Section 97B.1A, subsection 26, paragraph b,
4 21 unnumbered paragraph 3, Code Supplement 2003, is amended to
4 22 read as follows:
4 23 Effective July 1, 1992, "covered wages" does not include
4 24 wages to a member on or after the effective date of the
4 25 member's retirement, except as otherwise permitted by the
4 26 system's administrative rules, unless the member is
4 27 reemployed, as provided under section 97B.48A.

4 28 Sec. 13. NEW SECTION. 97B.9A COLLECTIONS == WAIVER.

4 29 Notwithstanding any provision of this chapter to the
4 30 contrary, the system may, in its sole discretion, waive the
4 31 collection of benefits overpayments, contribution
4 32 underpayments, or any other debts owed the system, that occur
4 33 more than three years prior to the date of discovery of the
4 34 overpayment, underpayment, or debt by the system, for cases in
4 35 which there is no evidence of fraud or other misconduct on the
5 1 part of the affected employer or the affected member or
5 2 beneficiary in providing or failing to provide information
5 3 necessary to the proper determination of a debt owed the
5 4 system, calculation of contributions and payments, or
5 5 calculation of benefits under this chapter.

5 6 Sec. 14. Section 97B.14A, Code Supplement 2003, is amended
5 7 to read as follows:

5 8 97B.14A WAGE REPORTING.

5 9 1. For purposes of this section, unless the context
5 10 otherwise requires:

5 11 a. "Change in the schedule of wage payments" means the
5 12 formal or informal deferral of wages earned in one calendar
5 13 year to a later calendar year or the acceleration of the wages
5 14 payable under a contract of employment to the prior calendar
5 15 year by changing the period over which the contractual
5 16 compensation is paid, by shortening the period of employment
5 17 over which contract wages are to be paid, or similar
5 18 arrangements altering the timing of wage payments.

5 19 b. "Distortion of the normal wage progression pattern"
5 20 means an increase of ten percent or more between the covered
5 21 wages reported for any two consecutive years.

5 22 2. An employer shall report wages of employees covered by
5 23 this chapter to the system in a manner and form as prescribed
5 24 by the system. If the wages reported by an employer appear to
5 25 be a distortion of the normal wage progression pattern for an
5 26 employee, the system may request that the employer provide
5 27 documentation indicating that the wages were not misreported
5 28 for the purposes of causing an increase in the retirement
5 29 allowance or other payments authorized to be made by this
5 30 chapter explaining the reason for the distortion. If the
5 31 system determines that the wages of an employee were
5 32 misreported, the employer shall prepare and file wage
5 33 adjustments allocating the wages to the proper wage reporting
5 34 period. If the distortion of the normal wage progression
5 35 pattern results from covering compensation that is excluded

6 1 from the definition of covered wages, or from a change in the
6 2 schedule of wage payments for an individual, the system shall
6 3 remove wages that should not be covered from its records, and
6 4 shall, in cases involving increases caused by a change in the
6 5 schedule of wage payments, reallocate covered wages to the
6 6 calendar quarters in which the covered wages would have been
6 7 reported but for the change in the schedule of wage payments.

6 8 Sec. 15. Section 97B.17, subsection 1, Code Supplement
6 9 2003, is amended to read as follows:

6 10 1. The system shall establish and maintain records of each
6 11 member, including but not limited to the amount of wages of
6 12 each member, the ~~contribution~~ contributions made on behalf of
6 13 each member with interest, and interest dividends credited,
6 14 beneficiary designations, and applications for benefits of any
6 15 type. The records may be maintained in paper, magnetic, or
6 16 electronic form, including optical disk storage, as set forth
6 17 in chapter 554D. The system may accept, but shall not
6 18 require, electronic records and electronic signatures to the
6 19 extent permitted under chapter 554D. These records are the
6 20 basis for the compilation of the retirement benefits provided
6 21 under this chapter.

6 22 Sec. 16. Section 97B.38, Code Supplement 2003, is amended
6 23 to read as follows:

6 24 97B.38 FEES FOR SERVICES.

6 25 The system may, by rule, prescribe the maximum reasonable
6 26 fees which may be charged for services performed in connection
6 27 with any claim before the system under this chapter, and any
6 28 agreement in violation of such rules shall be void production
6 29 costs, including staff time and materials, associated with
6 30 performing its duties under this chapter for active, inactive,
6 31 and retired members, beneficiaries, and the general public,
6 32 where such production costs are more than de minimis, as
6 33 determined by the system. Any person who shall, with intent
6 34 to defraud, in any manner willfully and knowingly deceive,
6 35 mislead, or threaten any claimant or prospective claimant or
7 1 beneficiary under this chapter by word, circular, letter or
7 2 advertisement, or who shall knowingly charge or collect
7 3 directly or indirectly any fee in excess of the maximum fee,

~~4 or make any agreement directly or indirectly to charge or~~
~~5 collect any fee in excess of the maximum fee, prescribed by~~
~~6 the system, shall be deemed guilty of a fraudulent practice.~~

7 Sec. 17. Section 97B.40, Code Supplement 2003, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 1A. If the system determines that a
10 person may have engaged in a fraudulent practice as described
11 under this section, the system may, in addition to any
12 statutory or equitable remedies provided by law, refer the
13 matter to the auditor of state and to the appropriate law
14 enforcement authorities for possible investigation and
15 prosecution.

16 Sec. 18. Section 97B.42, unnumbered paragraph 8, Code
17 Supplement 2003, is amended by striking the unnumbered
18 paragraph and inserting in lieu thereof the following:

19 Except as otherwise provided in this section, an employer
20 shall not sponsor and a member shall not participate in
21 another retirement system in this state supported in whole or
22 in part by public contributions or payments where such
23 retirement system is in lieu of the retirement system
24 established by this chapter. However, in addition to the
25 retirement system established by this chapter, an employer may
26 sponsor and a member may participate in a supplemental defined
27 contribution plan qualified under Internal Revenue Code
28 section 401(a), a tax-deferred annuity qualified under
29 Internal Revenue Code section 403(b), or an eligible deferred
30 compensation plan qualified under Internal Revenue Code
31 section 457, regardless of whether contributions to such
32 supplemental plans are characterized as employer contributions
33 or employee contributions, and subject to the applicable
34 limits set forth in the Internal Revenue Code for such plans.
35 A defined benefit plan that supplements the retirement system
1 established by this chapter shall not be offered by public
2 employers covered under this chapter.

3 Sec. 19. Section 97B.42A, subsection 4, Code Supplement
4 2003, is amended to read as follows:

5 4. A person who becomes a member of the retirement system
6 pursuant to subsection 3, or who is a member of the retirement
7 system, and who has one or more years of covered wages, may
8 purchase credit, pursuant to section 97B.73, Code 2003, for
9 one or more quarters of service prior to January 1, 1999, in
10 which the person was employed in a position as described in
11 section 97B.1A, subsection 8, paragraph "a", but was not a
12 member of the retirement system.

13 Sec. 20. Section 97B.42A, subsection 5, unnumbered
14 paragraph 2, Code Supplement 2003, is amended to read as
15 follows:

16 A person who becomes a member of the Iowa public employees'
17 retirement system pursuant to this subsection, and who has one
18 or more years of covered wages, may purchase credit, pursuant
19 to section 97B.73, Code 2003, for one or more quarters of
20 service prior to August 1, 2000, in which the person was
21 employed in a position as described by section 97B.1A,
22 subsection 8, paragraph "a", subparagraph (11), but was not a
23 member of the retirement system.

24 Sec. 21. Section 97B.43, unnumbered paragraph 3, Code
25 Supplement 2003, is amended to read as follows:

26 Each individual who on or after July 1, 1978, was an
27 active, vested, or retired member and who (1) made application
28 for and received a refund of contributions made under the
29 abolished system or (2) has on deposit with the retirement
30 fund contributions made under the abolished system shall be
31 entitled to credit for years of prior service in the
32 determination of retirement allowance payments by filing a
33 written election with the system on or after July 1, 1978, and
34 by redepositing any withdrawn contributions under the
35 abolished system together with interest as stated in this
1 paragraph. Any individual who on or after July 1, 1978, is a
2 retired member and who made application for and received a
3 refund of contributions made under the abolished system may,
4 by filing a written election with the system on or after July
5 1, 1978, have the system retain fifty percent of the monthly
6 increase in retiree benefits that will accrue to the
7 individual because of prior service. If the monthly increase
8 in retirement benefits is less than ten dollars, the system
9 shall retain five dollars of the scheduled increase, and if
10 the monthly increase is less than five dollars, the provisions
11 of this paragraph shall not apply. The system shall continue
12 to retain such funds until the withdrawn contributions,
13 together with interest accrued to the month in which the
14 written election is filed, have been repaid. Due notice of

9 15 this provision shall be sent to all retired members on or
9 16 after July 1, 1978. However, this paragraph shall not apply
9 17 to any person who received a refund of any membership service
9 18 contributions unless the person repaid the membership service
9 19 contributions pursuant to section ~~97B.74~~ 97B.80C; but a refund
9 20 of contributions remitted for the calendar quarter ending
9 21 September 30, 1953 which was based entirely upon employment
9 22 which terminated prior to July 4, 1953 shall not be considered
9 23 as a refund of membership service contributions. The interest
9 24 to be paid into the fund shall be compounded at the rates
9 25 credited to member accounts from the date of payment of the
9 26 refund of contributions under the abolished system to the date
9 27 the member redeposits the refunded amount. The provisions of
9 28 the first paragraph of this section relating to the
9 29 consideration given to credited amounts shall apply to the
9 30 redeposited amounts or to amounts left on deposit. Effective
9 31 July 1, 1978, the provisions of this paragraph shall apply to
9 32 each individual who on or after July 1, 1978, was an active,
9 33 vested, or retired member, but who was not in service on July
9 34 4, 1953. The period for filing the written election with the
9 35 system and redepositing any withdrawn contributions together
10 1 with interest accrued shall commence July 1, 1978. A member
10 2 who is a retired member on or after July 1, 1978, may file
10 3 written election with the system on or after July 1, 1978, to
10 4 have the system retain fifty percent of the monthly increase
10 5 as provided in this paragraph.

10 6 Sec. 22. Section 97B.43, unnumbered paragraph 4, Code
10 7 Supplement 2003, is amended to read as follows:

10 8 Effective July 1, ~~1988~~ 2004, a member eligible for an
10 9 increased retirement allowance because of the repayment of
10 10 contributions under this section is entitled to receipt of
10 11 ~~retroactive adjustment payments for no more than six months~~
~~10 12 immediately preceding beginning with the month in which~~
~~10 13 written notice payment was submitted to received by the~~
10 14 system.

10 15 Sec. 23. Section 97B.45, unnumbered paragraph 2, Code
10 16 Supplement 2003, is amended by striking the unnumbered
10 17 paragraph.

10 18 Sec. 24. Section 97B.46, subsection 2, Code Supplement
10 19 2003, is amended to read as follows:

10 20 2. A member remaining in service after attaining the age
10 21 of seventy years is entitled to receive a retirement allowance
10 22 under sections 97B.49A through 97B.49H, as applicable,
10 23 ~~commencing with payment for the calendar month within which~~
~~10 24 the written notice is submitted to the system, except that if~~
~~10 25 the member fails to submit the notice on a timely basis,~~
~~10 26 retroactive payments shall be made for no more than six months~~
~~10 27 immediately preceding the month in which the written notice is~~
~~10 28 submitted without terminating employment.~~

10 29 Sec. 25. Section 97B.47, Code Supplement 2003, is amended
10 30 to read as follows:

10 31 97B.47 EARLY RETIREMENT DATE.

10 32 A member's early retirement date shall be the first of the
10 33 month in which a member attains the age of fifty-five years or
10 34 the first of any month after attaining the age of fifty-five
10 35 years prior to the member's normal retirement date, provided
11 1 such date shall be after the last day of service. ~~A member~~
~~11 2 may retire on the member's early retirement date by submitting~~
~~11 3 written notice to the system setting forth the early~~
~~11 4 retirement date which shall not be before the first day of the~~
~~11 5 sixth calendar month preceding the month in which such notice~~
~~11 6 is filed.~~

11 7 Sec. 26. Section 97B.48, subsections 1 and 2, Code
11 8 Supplement 2003, are amended to read as follows:

11 9 1. Retirement allowances shall be paid monthly, except
11 10 that, if an allowance of less than six hundred dollars a year
~~11 11 may, at the member's option is payable pursuant to section~~
~~11 12 97B.51, subsection 1, paragraph "b", the member's retirement~~
~~11 13 benefit shall be paid as a lump sum in an amount equal to the~~
~~11 14 sum of the member's and employer's accumulated contributions~~
~~11 15 and the retirement dividends standing to the member's credit~~
~~11 16 before December 31, 1966. Receipt of the lump sum payment by~~
~~11 17 a member shall terminate any and all entitlement for the~~
~~11 18 period of service covered of the member under this chapter and~~
~~11 19 the member shall not be eligible to buy back the period of~~
11 20 service.

11 21 2. The first monthly payment of a ~~normal~~ retirement
11 22 allowance shall be paid as of the ~~normal retirement effective~~
~~11 23 date, which date shall be the later of the normal retirement~~
~~11 24 date or the first day of the sixth calendar month preceding~~
~~11 25 the month in which written notice of normal retirement is~~

~~11 26 submitted to the system member's first month of entitlement.~~
~~11 27 Written notice under this section may consist of submission of~~
~~11 28 a completed estimate request form, a completed application for~~
~~11 29 retirement form, or a letter from the member requesting~~
~~11 30 information on retirement benefits, whichever is received~~
~~11 31 first by the system. However, a letter requesting information~~
~~11 32 on benefits or submission of a completed estimate request form~~
~~11 33 is only valid for six months following the date of its receipt~~
~~11 34 by the system, unless during that six-month period the system~~
~~11 35 receives a completed application for retirement form from the~~
~~12 1 member. A retirement allowance may only be provided~~
~~12 2 retroactively for a single six-month period. Payment of an~~
~~12 3 early retirement allowance or an allowance for retirement~~
~~12 4 after the normal retirement date shall be paid as of the~~
~~12 5 effective date of retirement subject to section 97B.45,~~
~~12 6 97B.46, or 97B.47. The payments shall be continued thereafter~~
~~12 7 for the lifetime of the retired member except as provided in~~
~~12 8 section 97B.48A.~~
12 9 Sec. 27. Section 97B.48, subsection 5, Code Supplement
12 10 2003, is amended by striking the subsection.
12 11 Sec. 28. Section 97B.48, Code Supplement 2003, is amended
12 12 by adding the following new subsections:
12 13 NEW SUBSECTION. 6. Effective on such date as the system
12 14 determines by rule, but in no event later than July 1, 2006,
12 15 if the system determines that the accumulated contributions of
12 16 a member, payable to a living member who has had a break in
12 17 service or to a beneficiary of a deceased member, are less
12 18 than three thousand dollars, the lump sum amount payable under
12 19 this chapter shall be paid to the living member or beneficiary
12 20 in full satisfaction of all rights of the member or
12 21 beneficiary to receive any payments under the system. For
12 22 purposes of this section, a "break in service" means twenty
12 23 consecutive calendar quarters in which no wages are reported
12 24 to the system. The lump sum payment shall be made within one
12 25 hundred eighty days after the calendar quarter in which the
12 26 member completes a break in service or dies, whichever is
12 27 applicable. A member or beneficiary who receives a mandatory
12 28 distribution under this subsection shall have sixty days to
12 29 return the distribution to the system and restore the member's
12 30 or beneficiary's account.
12 31 NEW SUBSECTION. 7. Effective July 1, 2005, monthly
12 32 retirement allowance payments shall be directly deposited
12 33 without charge to a retired member's account via electronic
12 34 funds transfer. A retired member may elect to receive monthly
12 35 allowance payments as paper warrants in lieu of electronic
13 1 funds transfers, but the system shall charge an administrative
13 2 fee for processing such paper warrants. However, the system
13 3 may, for good cause shown, waive the administrative fee. The
13 4 fee may be automatically deducted from the monthly retirement
13 5 allowance before the warrant is issued to the retired member.
13 6 Sec. 29. Section 97B.48A, Code Supplement 2003, is amended
13 7 by adding the following new subsection:
13 8 NEW SUBSECTION. 5. If a retired reemployed member incurs
13 9 a break in service, as defined in this subsection, and the
13 10 member has failed to request an increase in the member's
13 11 monthly allowance or a distribution of the member's and
13 12 employer's accumulated contributions prior to the break in
13 13 service, and if the amount of the increase in the member's
13 14 monthly retirement allowance would be less than six hundred
13 15 dollars per year, the system shall distribute the lump sum
13 16 amount payable under subsection 4. For purposes of this
13 17 subsection, a "break in service" means four consecutive
13 18 calendar quarters in which no wages are reported to the
13 19 system. The lump sum payment shall be made within one hundred
13 20 eighty days after the calendar quarter in which the member has
13 21 a break in service. A member who receives a mandatory
13 22 distribution under this subsection shall have sixty days to
13 23 return the distribution to the system and request an increase
13 24 in the member's monthly allowance.
13 25 Sec. 30. NEW SECTION. 97B.49 DORMANT ACCOUNTS.
13 26 1. In the event that all, or any portion, of a retirement
13 27 allowance, death benefit, or other distribution payable to a
13 28 member or a member's designated beneficiary, heirs at law, or
13 29 estate, remains unpaid solely by reason of the inability of
13 30 the system to locate the appropriate payee, the amount payable
13 31 shall not be forfeited but shall be treated as a dormant
13 32 account after the time for making a claim has run.
13 33 2. A dormant account shall revert to the retirement fund
13 34 created in section 97B.7. A dormant account shall be non-
13 35 interest-bearing, and except for keeping a record of such
14 1 account, the system shall not maintain the account. A member

14 2 who has a dormant account and returns to covered employment
14 3 shall have their dormant account reactivated as of the quarter
14 4 they return to covered employment. If the appropriate payee
14 5 contacts the system after the amount payable is treated as a
14 6 dormant account, the appropriate payee may claim such amounts
14 7 by filing a withdrawal application provided by the system.
14 8 The system shall have rulemaking authority to adopt rules
14 9 necessary to implement this section in a just and equitable
14 10 manner.

14 11 3. The system shall ensure that the payment of a dormant
14 12 account as provided in this section meets the requirements of
14 13 section 401(a)(9) of the federal Internal Revenue Code.

14 14 Sec. 31. Section 97B.49B, subsection 1, paragraph c, Code
14 15 Supplement 2003, is amended to read as follows:

14 16 c. "Eligible service" means membership and prior service
14 17 in a protection occupation. In addition, for a member with
14 18 membership and prior service in a protection occupation
14 19 described in paragraph "e", subparagraph (2), eligible service
14 20 includes membership and prior service as a sheriff, ~~or~~ deputy
14 21 sheriff, ~~or airport fire fighter~~ as defined in section
14 22 97B.49C.

14 23 Sec. 32. Section 97B.49B, subsection 1, paragraph e, Code
14 24 Supplement 2003, is amended by adding the following new
14 25 subparagraph:

14 26 NEW SUBPARAGRAPH. (8) An airport fire fighter employed by
14 27 the military division of the department of public defense.

14 28 Sec. 33. Section 97B.49B, subsection 3, paragraph b, Code
14 29 Supplement 2003, is amended by adding the following new
14 30 subparagraph:

14 31 NEW SUBPARAGRAPH. (7) For the fiscal year commencing July
14 32 1, 2004, and each succeeding fiscal year, there is
14 33 appropriated from the general fund of the state to the system,
14 34 from funds not otherwise appropriated, an amount necessary to
14 35 pay the employer share of the cost of the additional benefits
15 1 provided to airport fire fighters under this section.

15 2 Sec. 34. Section 97B.49C, subsection 1, paragraph a, Code
15 3 Supplement 2003, is amended by striking the paragraph.

15 4 Sec. 35. Section 97B.49C, subsection 1, paragraph d, Code
15 5 Supplement 2003, is amended to read as follows:

15 6 d. "Eligible service" means membership and prior service
15 7 as ~~an airport fire fighter~~, a sheriff, and deputy sheriff
15 8 under this section. In addition, eligible service includes
15 9 membership and prior service as a marshal in a city not
15 10 covered under chapter 400 or a fire fighter or police officer
15 11 of a city not participating in the retirement systems
15 12 established in chapter 410 or 411, and as an airport fire
15 13 fighter prior to July 1, 1994.

15 14 Sec. 36. Section 97B.49C, subsection 2, Code Supplement
15 15 2003, is amended to read as follows:

15 16 2. CALCULATION OF MONTHLY ALLOWANCE.

15 17 a. Notwithstanding other provisions of this chapter, a
15 18 member who retires from employment as a sheriff, deputy
15 19 sheriff, or airport fire fighter on or after July 1, 1994, and
15 20 before July 1, 2004, and at the time of retirement is at least
15 21 fifty-five years of age may elect to receive, in lieu of the
15 22 receipt of any benefits as calculated pursuant to section
15 23 97B.49A or 97B.49D, a monthly retirement allowance equal to
15 24 one-twelfth of an amount equal to the applicable percentage of
15 25 the three-year average covered wage as a member who has been
15 26 employed in eligible service multiplied by a fraction of years
15 27 of service, with benefits payable during the member's
15 28 lifetime.

15 29 b. Notwithstanding other provisions of this chapter, a
15 30 member who retires from employment as a sheriff or deputy
15 31 sheriff on or after July 1, 2004, and at the time of
15 32 retirement is either at least fifty-five years of age or is at
15 33 least the applicable early retirement age with at least
15 34 twenty-two years of eligible service may elect to receive, in
15 35 lieu of the receipt of any benefits as calculated pursuant to
16 1 section 97B.49A or 97B.49D, a monthly retirement allowance
16 2 equal to one-twelfth of an amount equal to the applicable
16 3 percentage of the three-year average covered wage as a member
16 4 who has been employed in eligible service multiplied by a
16 5 fraction of years of service, with benefits payable during the
16 6 member's lifetime.

16 7 c. For purposes of this subsection, "applicable early
16 8 retirement age" means the following:

16 9 (1) For each active or inactive vested member retiring on
16 10 or after July 1, 2004, and before July 1, 2005, fifty-four
16 11 years of age.

16 12 (2) For each active or inactive vested member retiring on

16 13 or after July 1, 2005, and before July 1, 2006, fifty=three
16 14 years of age.

16 15 (3) For each active or inactive vested member retiring on
16 16 or after July 1, 2006, and before July 1, 2007, fifty=two
16 17 years of age.

16 18 (4) For each active or inactive vested member retiring on
16 19 or after July 1, 2007, and before July 1, 2008, fifty=one
16 20 years of age.

16 21 (5) For each active or inactive vested member retiring on
16 22 or after July 1, 2008, fifty years of age.

16 23 Sec. 37. Section 97B.49C, subsection 3, paragraph a, Code
16 24 Supplement 2003, is amended to read as follows:

16 25 a. Annually, the system shall actuarially determine the
16 26 cost of the ~~additional~~ benefits provided for members covered
16 27 under this section as a percentage of the covered wages of the
16 28 employees covered by this section. ~~Sixty~~ Fifty percent of the
16 29 cost shall be paid by the employers of employees covered under
16 30 this section and ~~forty~~ fifty percent of the cost shall be paid
16 31 by the employees. The employer and employee contributions
16 32 required under this paragraph are in ~~addition to~~ lieu of the
16 33 contributions paid under sections 97B.11 and 97B.11A.

16 34 ~~However, the cost of including service as an airport fire
16 35 fighter prior to July 1, 1994, as eligible service under this
17 1 section shall not affect the contribution rates calculated and
17 2 paid by the member or the employer under this section.~~

17 3 Sec. 38. Section 97B.49C, subsection 3, paragraph b, Code
17 4 Supplement 2003, is amended to read as follows:

17 5 b. ~~(1)~~ Annually, during each fiscal year commencing with
17 6 the fiscal year beginning July 1, 1988, each county shall pay
17 7 to the system the amount necessary to pay the employer share
17 8 of the cost of the ~~additional~~ benefits provided to sheriffs
17 9 and deputy sheriffs.

17 10 ~~(2) For the fiscal year commencing July 1, 1994, and each
17 11 succeeding fiscal year, there is appropriated from the general
17 12 fund of the state to the system, from funds not otherwise
17 13 appropriated, an amount necessary to pay the employer share of
17 14 the cost of the additional benefits provided to airport fire
17 15 fighters under this section.~~

17 16 Sec. 39. Section 97B.50, subsection 2, Code Supplement
17 17 2003, is amended to read as follows:

17 18 2. a. A vested member who retires from the retirement
17 19 system due to disability and commences receiving disability
17 20 benefits pursuant to the federal Social Security Act, 42
17 21 U.S.C. } 423 et seq., and who has not reached the normal
17 22 retirement date, shall receive benefits as selected under
17 23 section 97B.51, and shall not have benefits reduced upon
17 24 retirement as required under subsection 1 regardless of
17 25 whether the member has completed thirty or more years of
17 26 membership service. However, the benefits shall be suspended
17 27 during any period in which the member returns to covered
17 28 employment. This section takes effect July 1, 1990, for a
17 29 member meeting the requirements of this paragraph who retired
17 30 from the retirement system at any time after July 4, 1953.
17 31 Eligible members retiring on or after July 1, 2000, are
17 32 entitled to the receipt of retroactive adjustment payments for
17 33 no more than thirty=six months immediately preceding the month
17 34 in which written ~~notice of application for~~ retirement due to
17 35 disability was ~~submitted to~~ received by the system,

~~18 1 notwithstanding the requirements of subsection 4.~~

18 2 b. A vested member who retires from the retirement system
18 3 due to disability and commences receiving disability benefits
18 4 pursuant to the federal Railroad Retirement Act, 45 U.S.C. }
18 5 231 et seq., and who has not reached the normal retirement
18 6 date, shall receive benefits as selected under section 97B.51,
18 7 and shall not have benefits reduced upon retirement as
18 8 required under subsection 1 regardless of whether the member
18 9 has completed thirty or more years of membership service.
18 10 However, the benefits shall be suspended during any period in
18 11 which the member returns to covered employment. This section
18 12 takes effect July 1, 1990, for a member meeting the
18 13 requirements of this paragraph who retired from the retirement
18 14 system at any time since July 4, 1953. Eligible members
18 15 retiring on or after July 1, 2000, are entitled to the receipt
18 16 of retroactive adjustment payments for no more than thirty=six
18 17 months immediately preceding the month in which written ~~notice
18 18 of application for~~ retirement due to disability was ~~submitted
18 19 to~~ received by the system, ~~notwithstanding the requirements of
18 20 subsection 4.~~

18 21 c. A vested member who terminated service due to a
18 22 disability, who has been issued payment for a refund pursuant
18 23 to section 97B.53, and who subsequently commences receiving

18 24 disability benefits as a result of that disability pursuant to
18 25 the federal Social Security Act, 42 U.S.C. } 423 et seq. or
18 26 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,
18 27 may receive credit for membership service for the period
18 28 covered by the refund payment, upon repayment to the system of
18 29 the actuarial cost of receiving service credit for the period
18 30 covered by the refund payment, as determined by the system.
18 31 For purposes of this paragraph, the actuarial cost of the
18 32 service purchase shall be determined as provided in section
18 33 ~~97B.74~~ 97B.80C. The payment to the system as provided in this
18 34 paragraph shall be made within ninety days after July 1, 2000,
18 35 or the date federal disability payments commenced, whichever
19 1 occurs later. For purposes of this paragraph, the date
19 2 federal disability payments commence shall be the date that
19 3 the member actually receives the first such payment,
19 4 regardless of any retroactive payments included in that
19 5 payment. A member who repurchases service credit under this
19 6 paragraph and applies for retirement benefits shall have the
19 7 member's monthly allowance, including retroactive adjustment
19 8 payments, determined in the same manner as provided in
19 9 paragraph "a" or "b", as applicable. ~~This paragraph shall not~~
~~19 10 be implemented until the system has received a determination~~
~~19 11 letter from the federal internal revenue service approving the~~
~~19 12 system's plan's qualified status under Internal Revenue Code~~
~~19 13 section 401(a).~~
19 14 Sec. 40. Section 97B.50, subsection 4, Code Supplement
19 15 2003, is amended by striking the subsection.
19 16 Sec. 41. Section 97B.50A, subsection 5, Code Supplement
19 17 2003, is amended to read as follows:
19 18 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
19 19 the contrary in state law, or any applicable contract or
19 20 policy, any amounts which may be paid or payable by the
19 21 employer under any workers' compensation, unemployment
19 22 compensation, ~~employer-paid disability plan, program, or~~
~~19 23 policy,~~ or other law to a member, and any disability payments
19 24 the member receives pursuant to the federal Social Security
19 25 Act, 42 U.S.C. } 423 et seq., shall be offset against and
19 26 payable in lieu of any retirement allowance payable pursuant
19 27 to this section on account of the same disability.
19 28 Sec. 42. Section 97B.52, subsection 1, unnumbered
19 29 paragraph 1, Code Supplement 2003, is amended to read as
19 30 follows:
19 31 If a member, with at least sixteen calendar
~~19 32 quarters of service credit, or any active member dies prior to~~
19 33 the member's first month of entitlement, the member's
19 34 beneficiary shall be entitled to receive a death benefit equal
19 35 to the greater of the amount provided in paragraph "a" or "b".
20 1 If an inactive member with less than sixteen calendar quarters
20 2 of service credit dies prior to the member's first month of
20 3 entitlement, the member's beneficiary shall only be entitled
20 4 to receive a death benefit, as a lump sum, equal to the amount
20 5 provided in paragraph "a".
20 6 Sec. 43. Section 97B.52, subsection 1, paragraph a,
20 7 subparagraph (3), Code Supplement 2003, is amended to read as
20 8 follows:
20 9 (3) For service as a sheriff, ~~or deputy sheriff, or~~
~~20 10 airport fire fighter,~~ as provided in section 97B.49C, the
20 11 applicable denominator is twenty-two.
20 12 Sec. 44. Section 97B.52, subsection 5, unnumbered
20 13 paragraph 3, Code Supplement 2003, is amended by striking the
20 14 unnumbered paragraph.
20 15 Sec. 45. Section 97B.52, subsection 7, Code Supplement
20 16 2003, is amended to read as follows:
20 17 7. If a member has not filed a designation of beneficiary
20 18 with the system, the death benefit is payable to the member's
20 19 estate. If no designation has been filed and an estate is not
20 20 probated, the death benefit shall be paid to the surviving
20 21 spouse, if any. If no designation has been filed, no estate
20 22 has been probated, and there is no surviving spouse, the death
20 23 benefit shall be paid to the heirs as provided in this
20 24 subsection. The system shall pay the full amount of a
20 25 member's death benefits to those heirs who have presented a
20 26 claim for such benefits within five years after the member's
20 27 date of death. The system is not liable for the payment of
20 28 any claims by heirs who make themselves known to the system
20 29 more than five years after the date of death of the member.
20 30 Otherwise If a death benefit is not paid as provided by this
20 31 subsection, the death benefit shall remain in the fund.
20 32 Sec. 46. Section 97B.52A, subsection 1, paragraph c, Code
20 33 Supplement 2003, is amended to read as follows:
20 34 c. For a member whose first month of entitlement is July

20 35 2000 or later, the member does not return to any employment
21 1 with a covered employer until the member has qualified for at
21 2 least one calendar month of retirement benefits, and the
21 3 member does not return to covered employment until the member
21 4 has qualified for no fewer than four calendar months of
21 5 retirement benefits. For purposes of this paragraph,
21 6 effective July 1, 2000, any employment with a covered employer
21 7 does not include employment as an elective official or member
21 8 of the general assembly if the member is not covered under
21 9 this chapter for that employment. For purposes of determining
21 10 a bona fide retirement under this paragraph and for a member
21 11 whose first month of entitlement is July 2004 or later, but
21 12 before July 2006, covered employment does not include
21 13 employment as a licensed health care professional by a public
21 14 hospital as defined in section 249I.3.

21 15 Sec. 47. Section 97B.53, subsection 4, Code Supplement
21 16 2003, is amended to read as follows:

21 17 4. A member has not terminated employment for purposes of
21 18 this section if the member ~~accepts~~ commences other covered
21 19 employment within thirty days after ~~receiving the last payment~~
21 20 ~~of wages for the date employment was terminated with a covered~~
21 21 ~~employment employer~~, or if the member begins covered
21 22 employment prior to filing a request for a refund with the
21 23 system.

21 24 Sec. 48. Section 97B.53B, subsection 1, paragraph c,
21 25 subparagraph (2), subparagraph subdivision (c), Code
21 26 Supplement 2003, is amended to read as follows:

21 27 (c) ~~The Prior to January 1, 2002, the~~ portion of any
21 28 distribution that is not includible in the gross income of the
21 29 distributee, determined without regard to the exclusion for
21 30 net unrealized appreciation with respect to employer
21 31 securities.

21 32 Sec. 49. Section 97B.73B, subsection 2, paragraph b, Code
21 33 Supplement 2003, is amended to read as follows:

21 34 b. For a purchase of membership service on or after July
21 35 1, 2002, the actuarial cost of the service purchase in a
22 1 manner as provided in section ~~97B.73~~ 97B.80C.

22 2 Sec. 50. Section 97B.73B, subsection 2, Code Supplement
22 3 2003, is amended by adding the following new paragraph:

22 4 NEW PARAGRAPH. c. Effective July 1, 2004, a member
22 5 eligible for an increased retirement allowance because of the
22 6 payment of contributions under this section is entitled to
22 7 adjusted payments beginning with the month in which the member
22 8 pays contributions under this section.

22 9 Sec. 51. Section 97B.80, subsection 3, Code Supplement
22 10 2003, is amended to read as follows:

22 11 3. ~~The system shall adjust benefits for a six-month period~~
22 12 ~~prior to the date the member pays contributions under this~~
22 13 ~~section if the member is receiving a retirement allowance at~~
22 14 ~~the time the contribution payment is made.~~ Verification of
22 15 active duty service and payment of contributions shall be made
22 16 to the system. However, a member is not eligible to make
22 17 contributions under this section if the member is receiving,
22 18 is eligible to receive, or may in the future be eligible to
22 19 receive retirement pay from the United States government for
22 20 active duty in the armed forces, except for retirement pay
22 21 granted by the United States government under retired pay for
22 22 nonregular service pursuant to 10 U.S.C. } 12731= 12739. A
22 23 member receiving retired pay for nonregular service who makes
22 24 contributions under this section shall provide information
22 25 required by the system documenting time periods covered under
22 26 retired pay for nonregular service.

22 27 Sec. 52. Section 97B.80, subsection 4, Code Supplement
22 28 2003, is amended by striking the subsection and inserting in
22 29 lieu thereof the following:

22 30 4. Effective July 1, 2004, a member eligible for an
22 31 increased retirement allowance because of the payment of
22 32 contributions under this section is entitled to adjusted
22 33 payments beginning with the month in which the member pays
22 34 contributions under this section.

22 35 Sec. 53. Section 97B.80C, subsection 1, paragraph a, Code
23 1 Supplement 2003, is amended to read as follows:

23 2 a. "Nonqualified service" means service that is not
23 3 qualified service- and includes, but is not limited to, any of
23 4 the following:

23 5 (1) Full-time volunteer public service in the federal
23 6 peace corps program.

23 7 (2) Public employment comparable to employment covered
23 8 under this chapter in a qualified Canadian governmental entity
23 9 that is an elementary school, secondary school, college, or
23 10 university that is organized, administered, and primarily

23 11 supported by the provincial, territorial, or federal
23 12 governments of Canada, or any combination of the same.

23 13 Sec. 54. Section 97B.80C, subsection 1, paragraph c,
23 14 subparagraph (1), Code Supplement 2003, is amended by adding
23 15 the following new subparagraph subdivisions:

23 16 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of
23 17 the general assembly.

23 18 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a
23 19 county attorney by a part-time county attorney.

23 20 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public
23 21 employment comparable to employment covered under this chapter
23 22 in another state or in the federal government, or service as a
23 23 member of another public retirement system in this state,
23 24 including but not limited to the teachers insurance and
23 25 annuity association=college retirement equities fund (TIAA=
23 26 CREF), if the member was not retired under that system and has
23 27 no further claim upon a retirement benefit from that other
23 28 public system.

23 29 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of
23 30 the retirement system at any time on or after July 4, 1953, if
23 31 the member received a refund of the member's accumulated
23 32 contributions for that period of membership service.

23 33 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of
23 34 absence which does not constitute service as defined in
23 35 section 97B.1A, which is granted on or after July 1, 1998.

24 1 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person
24 2 who at the time of the employment was not covered by this
24 3 chapter, was employed by a covered employer under this
24 4 chapter, and did not opt out of coverage under this chapter.

24 5 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person
24 6 as an adjunct instructor as defined in section 97B.1A,
24 7 subsection 8.

24 8 Sec. 55. Section 97B.80C, subsection 3, Code Supplement
24 9 2003, is amended to read as follows:

24 10 3. a. A member making contributions for a purchase of
24 11 permissive service credit under this section, except as
24 12 otherwise provided by this subsection, shall make
24 13 contributions in an amount equal to the actuarial cost of the
24 14 permissive service credit purchase. ~~For purposes of this~~
24 15 ~~subsection, the actuarial cost of the service purchase is an~~
24 16 ~~amount determined by the system in accordance with actuarial~~
24 17 ~~tables, as reported to the system by the system's actuary,~~
24 18 ~~which reflects the actuarial cost necessary to fund an~~
24 19 ~~increased retirement allowance resulting from the purchase of~~
24 20 ~~permissive service credit.~~

24 21 b. For a member making contributions for a purchase of
24 22 permissive service credit for qualified service as described
24 23 in subsection 1, paragraph "c", subparagraph (1), subparagraph
24 24 subdivision (e), under this section, the member shall make
24 25 contributions in an amount equal to forty percent of the
24 26 actuarial cost of the service purchase. There is appropriated
24 27 from the general fund of the state to the system an amount
24 28 sufficient to pay sixty percent of the actuarial cost of the
24 29 service purchase by a member pursuant to this paragraph.

24 30 c. For a member making contributions for a purchase of
24 31 permissive service credit for qualified service as described
24 32 in subsection 1, paragraph "c", subparagraph (1), subparagraph
24 33 subdivision (f), under this section, the member shall make
24 34 contributions in an amount equal to forty percent of the
24 35 actuarial cost of the service purchase. Upon notification of
25 1 the applicable county board of supervisors of the member's
25 2 election, the county board of supervisors shall pay to the
25 3 system an amount sufficient to pay sixty percent of the
25 4 actuarial cost of the service purchase by a member pursuant to
25 5 this paragraph.

25 6 d. For purposes of this subsection, the actuarial cost of
25 7 the service purchase is an amount determined by the system in
25 8 accordance with actuarial tables, as reported to the system by
25 9 the system's actuary, which reflects the actuarial cost
25 10 necessary to fund an increased retirement allowance resulting
25 11 from the purchase of permissive service credit.

25 12 Sec. 56. Section 97B.80C, Code Supplement 2003, is amended
25 13 by adding the following new subsections:

25 14 NEW SUBSECTION. 3A. Effective July 1, 2004, a member
25 15 eligible for an increased retirement allowance because of the
25 16 payment of contributions under this or any other section
25 17 providing for the purchase of service credit is entitled to
25 18 adjusted payments beginning with the month in which the member
25 19 pays contributions under the applicable section.

25 20 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of
25 21 service made in accordance with this or any other section

25 22 providing for the purchase of service credit by a retired
25 23 reemployed member shall be applied to the member's original
25 24 retirement allowance. The member is eligible to receive
25 25 adjustment payments beginning with the month of the purchase.
25 26 NEW SUBSECTION. 3C. A member who is entitled to a benefit
25 27 from another public retirement system and wishes to purchase
25 28 the service covered by that public retirement system must
25 29 waive, on a form provided by the Iowa public employees'
25 30 retirement system, all rights to a retirement benefit under
25 31 that other public system before purchasing credit in this
25 32 system for the period of service covered by that other public
25 33 system. The waiver must be accepted by the other public
25 34 system. If the waiver is not obtained, a member may buy up to
25 35 twenty quarters of such service credit. In no event can a
26 1 member receive more than one service credit for any given
26 2 calendar quarter.

26 3 Sec. 57. Section 411.6, subsection 7, paragraph c, Code
26 4 2003, is amended to read as follows:

26 5 c. Should a disability beneficiary under age fifty-five be
26 6 employed in a public safety occupation, the disability
26 7 beneficiary's retirement allowance shall cease.
26 8 Notwithstanding any provision of this chapter to the contrary,
26 9 if a disability beneficiary is employed in a public safety
26 10 occupation that would otherwise constitute membership service,
26 11 the disability beneficiary shall not become a member of the
26 12 system. For purposes of this paragraph, "public safety
26 13 occupation" means a peace officer, as defined in section
26 14 97A.1; a protection occupation, as defined in section 97B.49B;
26 15 a sheriff, ~~or deputy sheriff, or airport fire fighter,~~ as
26 16 defined in section 97B.49C; and a police officer or fire
26 17 fighter as defined in section 411.1, who was not restored to
26 18 active service as provided by this subsection.

26 19 Sec. 58. Section 724.6, subsection 2, Code 2003, is
26 20 amended to read as follows:

26 21 2. Notwithstanding subsection 1, fire fighters, as defined
26 22 in section 411.1, subsection 9, airport fire fighters included
26 23 under section ~~97B.49C~~ 97B.49B, emergency rescue technicians,
26 24 and emergency medical care providers, as defined in section
26 25 147A.1, shall not, as a condition of employment, be required
26 26 to obtain a permit under this section. However, the
26 27 provisions of this subsection shall not apply to a person
26 28 designated as an arson investigator by the chief fire officer
26 29 of a political subdivision.

26 30 Sec. 59. 2002 Iowa Acts, chapter 1135, section 36,
26 31 subsections 1 and 3, are amended to read as follows:

26 32 1. a. Notwithstanding any provision of chapter 97B to the
26 33 contrary, a member of the Iowa public employees' retirement
26 34 system who has an employer-mandated reduction in hours or an
26 35 employee=exercised reduction in pay but remains on the
27 1 employer's payroll, and who would receive a reduction in the
27 2 member's three-year average covered wage as a result of the
27 3 reduction in hours or pay, may have the member's retirement
27 4 allowance calculated based on the three-year average covered
27 5 wage the member would have received, based on reasonable
27 6 assumptions, if the member had not been subject to the
27 7 employer-mandated reduction in hours or employee=exercised
27 8 reduction in pay, upon payment by the member of the applicable
27 9 contribution amount.

27 10 b. For purposes of this section, ~~the applicable unless the~~
27 11 context otherwise requires:

27 12 (1) "Applicable contribution amount amount" is an amount
27 13 equal to the employee and employer contributions that would
27 14 have been paid to the system based on the wages that the
27 15 member would have received but for the employer-mandated
27 16 reduction in hours or employee=exercised reduction in pay and
27 17 would have been included in the member's three-year average
27 18 covered wage.

27 19 (2) "Employee=exercised reduction in pay" means a
27 20 reduction in pay of a member who has exercised bumping rights
27 21 by accepting a lower-paid position in order to avoid being
27 22 laid off by the employer.

27 23 3. This section shall apply to employer-mandated
27 24 reductions in hours or employee=exercised reductions in pay
27 25 during the period of time beginning on or after January 1,
27 26 2002, and ending no later than June 30, ~~2003~~ 2005. The system
27 27 is authorized to adopt such rules, including emergency rules,
27 28 as it deems necessary or prudent to implement this section.

27 29 Sec. 60. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,
27 30 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement
27 31 2003, are repealed.

27 32 Sec. 61. EFFECTIVE DATE == RETROACTIVE APPLICABILITY.

27 33 1. The section of this Act amending section 97B.53B,
27 34 subsection 1, paragraph "c", being deemed of immediate
27 35 importance, takes effect upon enactment and is retroactively
28 1 applicable to January 1, 2002, and is applicable on and after
28 2 that date.
28 3 2. The section of this Act amending 2002 Iowa Acts,
28 4 chapter 1135, section 36, being deemed of immediate
28 5 importance, takes effect upon enactment and is retroactively
28 6 applicable to January 1, 2002, and is applicable on and after
28 7 that date.

28 8 Sec. 62. LICENSED HEALTH CARE PROFESSIONALS == BONA FIDE
28 9 RETIREMENT REPORT. The Iowa public employees' retirement
28 10 system and the Iowa hospital association shall each submit a
28 11 report to the general assembly by December 1, 2006, concerning
28 12 the costs and effectiveness of the provision of this Act
28 13 amending section 97B.52A that provides that covered
28 14 employment, for purposes of establishing a bona fide
28 15 retirement, does not include employment as a licensed health
28 16 care professional by a public hospital as defined in section
28 17 249I.3. Each report shall provide statistics concerning the
28 18 number of members taking advantage of this provision, the
28 19 costs and financial benefits, if any, associated with this
28 20 provision, and recommendations for further action.

28 21 DIVISION III
28 22 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

28 23 Sec. 63. Section 400.8, subsection 1, Code 2003, is
28 24 amended to read as follows:

28 25 400.8 ORIGINAL ENTRANCE EXAMINATION == APPOINTMENTS.

28 26 1. The commission, when necessary under the rules,
28 27 including minimum and maximum age limits, which shall be
28 28 prescribed and published in advance by the commission and
28 29 posted in the city hall, shall hold examinations for the
28 30 purpose of determining the qualifications of applicants for
28 31 positions under civil service, other than promotions, which
28 32 examinations shall be practical in character and shall relate
28 33 to matters which will fairly test the mental and physical
28 34 ability of the applicant to discharge the duties of the
28 35 position to which the applicant seeks appointment. The
29 1 physical examination of applicants for appointment to the
29 2 positions of police officer, police matron, or fire fighter
29 3 shall be held in accordance with medical protocols established
29 4 by the board of trustees of the fire and police retirement
29 5 system established by section 411.5 and shall be conducted in
29 6 accordance with the directives of the board of trustees.
29 7 However, the prohibitions of section 216.6, subsection 1,
29 8 paragraph "d", regarding tests for the presence of the
29 9 antibody to the human immunodeficiency virus shall not apply
29 10 to such examinations. The board of trustees may change the
29 11 medical protocols at any time the board so determines. The
29 12 physical examination of an applicant for the position of
29 13 police officer, police matron, or fire fighter shall be
29 14 conducted after a conditional offer of employment has been
29 15 made to the applicant. An applicant shall not be
29 16 discriminated against on the basis of height, weight, sex, or
29 17 race in determining physical or mental ability of the
29 18 applicant. Reasonable rules relating to strength, agility,
29 19 and general health of applicants shall be prescribed. The
29 20 costs of the physical examination required under this
29 21 subsection shall be paid from the trust and agency fund of the
29 22 city.

29 23 Sec. 64. Section 411.5, Code 2003, is amended by adding
29 24 the following new subsection:

29 25 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or
29 26 surgeon, physician assistant, advanced registered nurse
29 27 practitioner, or mental health professional who provides
29 28 records to the system in connection with the application by a
29 29 member for disability retirement under this chapter shall be
29 30 entitled to charge a fee for production of the records. The
29 31 fee for copies of any records shall not exceed the reasonable
29 32 cost of production.

29 33 Sec. 65. Section 411.6, subsection 7, unnumbered paragraph
29 34 1, Code 2003, is amended to read as follows:

29 35 ~~Re-examination~~ Reexamination of beneficiaries retired on
30 1 account of disability. ~~Once each year during the first five~~
30 2 ~~years following the retirement of a member on a disability~~
30 3 ~~retirement allowance, and once in every three-year period~~
30 4 ~~thereafter, the~~ The system may, and upon the member's
30 5 application shall, require any disability beneficiary who has
30 6 not yet attained age fifty-five to undergo a medical
30 7 examination at a place designated by the medical board. The
30 8 examination shall be made by the medical board or in special

30 9 cases, by an additional physician or physicians designated by
30 10 such board. If any disability beneficiary who has not
30 11 attained the age of fifty-five refuses to submit to the
30 12 medical examination, the member's allowance may be
30 13 discontinued until withdrawal of such refusal, and if the
30 14 refusal continues for one year all rights in and to the
30 15 member's pension may be revoked by the system. For a
30 16 disability beneficiary who has not attained the age of fifty=
30 17 five and whose entitlement to a disability retirement
30 18 commenced on or after July 1, 2000, the medical board may, as
30 19 part of the examination required by this subsection, suggest
30 20 appropriate medical treatment or rehabilitation if, in the
30 21 opinion of the medical board, the recommended treatment or
30 22 rehabilitation would likely restore the disability beneficiary
30 23 to duty.

30 24 Sec. 66. Section 411.6, subsection 7, paragraph a,
30 25 unnumbered paragraph 2, Code 2003, is amended to read as
30 26 follows:

30 27 A beneficiary retired under this lettered paragraph, in
30 28 order to be eligible for continued receipt of retirement
30 29 benefits, shall no later than May 15 of each year submit to
30 30 the system a copy of the beneficiary's federal individual
30 31 income tax return for the preceding year. The beneficiary
30 32 shall also submit, within a reasonable period of time, any
30 33 documentation requested by the system that is determined to be
30 34 necessary by the system to determine the beneficiary's gross
30 35 wages.

31 1 Sec. 67. Section 411.6B, subsection 1, Code 2003, is
31 2 amended to read as follows:

31 3 1. As used in this section, unless the context otherwise
31 4 requires, and to the extent permitted by the internal revenue
31 5 service:

31 6 a. "Direct rollover" means a payment by the system to the
31 7 eligible retirement plan specified by the member or the
31 8 member's surviving spouse, or the member's alternate payee
31 9 under a marital property order who is the member's spouse or
31 10 former spouse.

31 11 b. "Eligible retirement plan" means ~~either~~ any of the
31 12 following that accepts an eligible rollover distribution from
31 13 a member, ~~or~~ a member's surviving spouse, or a member's
31 14 alternate payee:

31 15 (1) An individual retirement account in accordance with
31 16 section 408(a) of the federal Internal Revenue Code.

31 17 (2) An individual retirement annuity in accordance with
31 18 section 408(b) of the federal Internal Revenue Code.

31 19 In addition, an "eligible retirement plan" includes an
31 20 annuity plan in accordance with section 403(a) of the federal
31 21 Internal Revenue Code, or a qualified trust in accordance with
31 22 section 401(a) of the federal Internal Revenue Code, that
31 23 accepts an eligible rollover distribution from a member.

31 24 Effective January 1, 2002, the term "eligible retirement plan"
31 25 also includes an annuity contract described in section 403(b)

31 26 of the federal Internal Revenue Code, and an eligible plan
31 27 under section 457(b) of the federal Internal Revenue Code

31 28 which is maintained by a state, political subdivision of a
31 29 state, or any agency or instrumentality of a state or

31 30 political subdivision of a state that chooses to separately
31 31 account for amounts rolled over into such eligible retirement

31 32 plan from the system.

31 33 c. "Eligible rollover distribution" means all or any
31 34 portion of a member's account, except that an eligible
31 35 rollover distribution does not include any of the following:

32 1 (1) A distribution that is one of a series of
32 2 substantially equal periodic payments, which occur annually or
32 3 more frequently, made for the life or life expectancy of the
32 4 distributee or the joint lives or joint life expectancies of
32 5 the distributee and the distributee's designated beneficiary,
32 6 or made for a specified period of ten years or more.

32 7 (2) A distribution to the extent that the distribution is
32 8 required pursuant to section 401(a)(9) of the federal Internal
32 9 Revenue Code.

32 10 (3) The portion of any distribution that is not includible
32 11 in the gross income of the distributee, determined without
32 12 regard to the exclusion for net unrealized appreciation with
32 13 respect to employer securities. Provided, however, that
32 14 effective January 1, 2002, such distributions may be directly
32 15 rolled over to an individual retirement account described in
32 16 federal Internal Revenue Code section 408(a) or 408(b), a
32 17 qualified defined contribution plan described in federal
32 18 Internal Revenue Code section 401(a), or a qualified annuity
32 19 plan described in federal Internal Revenue Code section

32 20 403(a), if such plan agrees to separately account for the
32 21 after-tax amount so rolled over.

32 22 (4) A distribution of less than two hundred dollars of
32 23 taxable income.

32 24 Sec. 68. Section 411.22, subsection 1, paragraph b, Code
32 25 2003, is amended to read as follows:

32 26 b. A sum sufficient to pay the retirement system the
32 27 present worth, computed at the interest rate ~~provided in~~
32 28 ~~section 535.3 for court judgments and decrees assumption~~
32 29 ~~adopted by the system pursuant to section 411.5, subsection 9,~~

32 30 of the future payments of such benefits, for which the
32 31 retirement system is liable, but the sum is not a final
32 32 adjudication of the future payments which the member is
32 33 entitled to receive.

32 34 Sec. 69. Section 411.31, subsection 1, Code 2003, is
32 35 amended by adding the following new paragraph:

33 1 NEW PARAGRAPH. e. "Refund liability" means the amount the
33 2 member may elect to withdraw from the former system under
33 3 section 97A.16.

33 4 Sec. 70. Section 411.31, subsection 2, Code 2003, is
33 5 amended to read as follows:

33 6 2. Commencing July 1, 1996, a vested member of an eligible
33 7 retirement system who terminates employment covered by one
33 8 eligible retirement system and, within one year, commences
33 9 employment covered by the other eligible retirement system may
33 10 elect to transfer the greater of the average accrued benefit
33 11 or refund liability earned from the former system to the
33 12 current system. The member shall file an application with the
33 13 current system for transfer of the greater of the average
33 14 accrued benefit or refund liability within ninety days of the
33 15 commencement of employment with the current system.

33 16 Sec. 71. Section 411.31, subsection 4, Code 2003, is
33 17 amended to read as follows:

33 18 4. Upon receipt of an application for transfer ~~of the~~
33 19 ~~average accrued benefit as provided in this section,~~ the
33 20 current system shall calculate the average accrued benefit and
33 21 the refund liability and the former system shall transfer to
33 22 the current system assets in an amount equal to the greater of
33 23 the average accrued benefit or refund liability. Once the
33 24 ~~transfer of the average accrued benefit~~ is completed, the
33 25 member's service under the former system shall be treated as
33 26 membership service under the current system for purposes of
33 27 this chapter and chapter 97A.

33 28 Sec. 72. Section 411.36, subsection 1, paragraph c, Code
33 29 2003, is amended to read as follows:

33 30 c. A city treasurer, city financial officer, or city clerk
33 31 involved with the financial matters of the city from four
33 32 participating cities, one of whom is from a city having a
33 33 population of less than ~~forty~~ thirty thousand, and three of
33 34 whom are from cities having a population of ~~forty~~ thirty
33 35 thousand or more. The members authorized pursuant to this
34 1 paragraph shall be appointed by the governing body of the Iowa
34 2 league of cities.

34 3 Sec. 73. EFFECTIVE DATE == RETROACTIVE APPLICABILITY. The
34 4 section of this Act amending section 411.6B, subsection 1,
34 5 being deemed of immediate importance, takes effect upon
34 6 enactment and is retroactively applicable to January 1, 2002,
34 7 and is applicable on and after that date.

34 8 DIVISION IV
34 9 JUDICIAL RETIREMENT SYSTEM

34 10 Sec. 74. JUDICIAL RETIREMENT SYSTEM == SPECIAL VESTING
34 11 PROVISION.

34 12 1. Notwithstanding any provision of chapter 602 to the
34 13 contrary, a judge who has had an aggregate of at least four
34 14 years of service as a judge of one or more of the courts as of
34 15 the effective date of this section of this Act shall be deemed
34 16 to have had at least six years of service as a judge for
34 17 purposes of determining the judge's eligibility for a
34 18 retirement benefit under the retirement system pursuant to
34 19 sections 602.9106, 602.9108, and 602.9112, and section
34 20 602.9107C, subsection 1.

34 21 2. This section of this Act, being deemed of immediate
34 22 importance, takes effect upon enactment.

34 23 DIVISION V
34 24 MISCELLANEOUS PROVISIONS

34 25 Sec. 75. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR
34 26 ADDITIONAL INSURANCE COVERAGE.

34 27 1. The state officer in charge of any of the state payroll
34 28 systems shall deduct from the wages or salaries of a state
34 29 officer or employee an amount specified by the officer or
34 30 employee for payment to any company authorized to do business

34 31 in this state for the purpose of purchasing insurance if all
34 32 of the following conditions are met:
34 33 a. At least five hundred state officers or employees
34 34 request the deduction to purchase insurance from the same
34 35 company.
35 1 b. The request for the payroll deduction is made by the
35 2 state officer or employee in writing to the officer in charge
35 3 of the program.
35 4 c. The pay period during which the deduction is made, the
35 5 frequency, and the amount of the deduction are compatible with
35 6 the payroll system.
35 7 d. The insurance coverage to be purchased is not provided
35 8 by the state.
35 9 e. The company providing the insurance enters into a
35 10 written agreement with the state delineating each party's
35 11 rights and responsibilities.
35 12 2. The moneys deducted under this section shall be paid to
35 13 the company designated by the requesting state officers or
35 14 employees. The deduction may be made even though the
35 15 compensation paid to an officer or employee is reduced to an
35 16 amount below the minimum prescribed by law. Payment to an
35 17 officer or employee of compensation less the deduction shall
35 18 constitute a full discharge of claims and demands for services
35 19 rendered by the officer or employee during the period covered
35 20 by the payment. The request for the deduction may be
35 21 withdrawn at any time by filing a written notification of
35 22 withdrawal with the state officer in charge of any of the
35 23 state payroll systems.
35 24 3. The department of administrative services reserves the
35 25 right to terminate an insurance company's participation in the
35 26 program if the department receives complaints regarding the
35 27 actions of the insurance company or its agents in relation to
35 28 the program and such termination would be in the best interest
35 29 of the state officers and employees, the department makes a
35 30 determination that the insurance company has engaged in a
35 31 pattern or practice of unfair, misleading, or fraudulent acts
35 32 and such termination would be in the best interest of the
35 33 state officers and employees, or the commissioner of insurance
35 34 determines that the company has engaged in practices that
35 35 would otherwise disqualify the company from providing
36 1 insurance coverage in Iowa.
36 2 4. The department is authorized to establish and collect
36 3 an administrative fee as deemed necessary and appropriate in
36 4 an amount not to exceed the state's actual cost of providing
36 5 the payroll deduction service.
36 6 HF 2262
36 7 ec/es/25